



Priority theme

# Safety and Security

The Nomura Real Estate Group is aware that the aging and obsolescence of buildings and infrastructure, reductions in urban functions, and increases in natural disasters are important social issues, and we are contributing to the safety and security of customers and communities through the provision of products and services based on appropriate quality controls and sustainable urban development. We are also promoting the development of work and living environments that can maintain business and life activities during emergencies.

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# Raise Safety and Security Quality in Design and Construction

## Approach and Policies

The Nomura Real Estate Group provides buildings and spaces that serve as the foundations for living and business to customers, local communities, and other stakeholders over the long term through a range of business activities from design and construction to operation and management.

Accordingly, the deterioration of urban functions as a result of the aging and obsolescence of buildings and infrastructure as well as the shrinking population and aging of society are significant concerns, and as natural disasters including large-scale earthquakes increase in frequency, designing and constructing safe and secure buildings and spaces is an important responsibility of the Group.

It is with this understanding that we are working to enhance the quality of safety and security in design and construction, in collaboration with design and construction companies and other suppliers as well as governmental agencies, by complying strictly with Design and Construction Standards and Quality Manuals and implementing rigorous quality control.

## Management

### Management Structure

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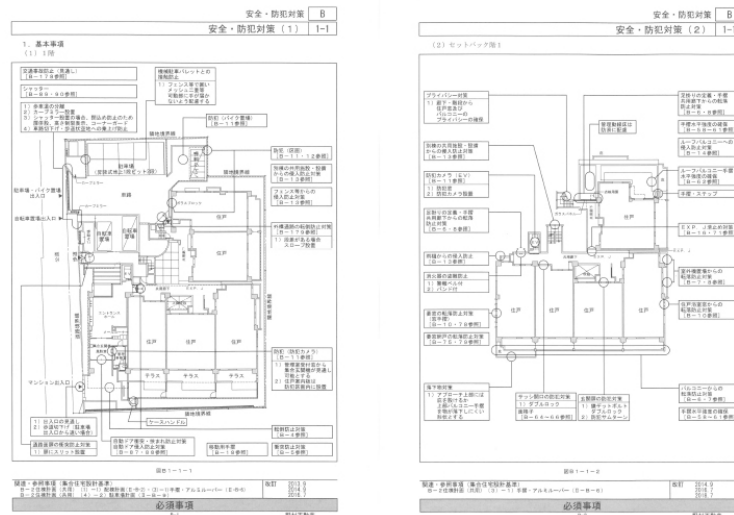
The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are working to enhance the quality of safety and security in design and construction. In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans. The CSR Committee sets targets each year regarding enhancement of the quality of safety and security in design and construction, and is monitoring progress.

### Targets

To enhance the quality of safety and security in design and construction, the Group endeavors to comply strictly with Design and Construction Standards and Quality Manuals and implement rigorous quality control.

## Compliance with Design and Construction Standards and Quality Manuals

To ensure the quality of safety and security in building design and construction, the Group has formulated Design and Construction Standards (structures, architecture, equipment, electrical) and Quality Manuals and has established designs and specifications for the following products that have been developed in series. These Standards and Manuals are distributed to suppliers including design and construction companies and are strictly complied with.



PROUD Design and Construction Standards (excerpts)

### 【Subject Products】

#### Residential Development Business Unit

- Condominiums: PROUD, OHANA
- Detached houses: PROUD SEASON
- Leased condominiums: PROUD FLAT

#### The Commercial Real Estate Business Unit

- Leased office buildings: PMO (Premium Midsize Office)
- Commercial Facilities: GEMS
- Logistics Facilities: Landport

## Thorough Quality Control at Construction Sites

### Implementation of Quality Control Inspections

Nomura Real Estate Development quality control engineers directly perform inspections regarding compliance with Design and Construction Standards and Quality Manuals and confirm the status and progress of construction in every major phase of



construction.

In addition, all accidents and problems that occur at construction sites are reported to quality control personnel and the officer responsible for quality management and architectural design. Information regarding the details and responses are shared at periodic meetings and on the Group intranet, and measures are taken to prevent reoccurrence.



A quality control inspection at a construction site

### PROUD Quality Conference

The Group holds the PROUD Quality Conference once a year to share information on quality control technologies at condominium construction sites. At the conference, which is attended by architectural and quality control personnel from around the country, information on updates to Design and Construction Standard and Quality Manuals as well as construction related issues is shared.

### Supporting the Development of First-Class Architects

The Group supports the acquisition of the first-class architect qualification, to ensure safety and security. As of April 1, 2019, Nomura Real Estate Development had 177 employees with first-class architect qualifications, comprising 13.02% of its total main career track workforce.

### New Construction Progress Reports

With the aim of gaining the understanding of customers regarding building safety and security, the Group has created a website for customers that have signed purchase agreements and posts progress reports on new construction and explanations of the details of major aspects of the construction.



Site for Contract Holders

## Performance

### Promotion Measures

Fiscal 2018 performance against the set targets was as set forth below.

#### Comply with Design and Construction Standards and Quality Manuals

The Group has established and complies with Design and Construction Standards and Quality Manuals in the Residential Development Business Unit (PROUD and OHANA condominiums, PROUD SEASON detached houses, PROUD FLAT leased condominiums) and in the Commercial Real Estate Business Unit (PMO (Premium Midsize Office) leased office buildings, GEMS commercial facilities, Landport logistics facilities).

	FY 2017	FY 2018
<b>Compliance with Design and Construction Standards and Quality Manuals in the Residential Development Business Unit</b>	100%	100%
<b>Compliance with Design and Construction Standards and Quality Manuals in the Commercial Real Estate Business Unit</b>	Formulation of Design and Construction Standards and Quality Manuals	100%

### Responses to Safety Issues

To ensure the safety of customers, if there is a violation of the Building Standards Act, Fire Service Act, or other applicable laws and regulations or the Group, necessary responses will be implemented rapidly. In fiscal 2018, there were no significant safety-related violations of relevant laws and regulations or internal standards.

# Raise Safety and Security Quality in Operations and Management

## Approach and Policies

The Nomura Real Estate Group operates and manages buildings and spaces that serve as foundations of lives and businesses of stakeholders over the long-term, even after the completion of construction. With rising concerns about the aging and obsolescence of buildings and infrastructure and the deterioration of urban functions due to the declining population and aging of society and increased frequency of natural disasters such as large-scale earthquakes, providing safety and security to stakeholders even after the completion of construction is an important responsibility of the Group.

Based on this awareness, the Group collaborates with suppliers to improve the quality of safety and security in operation and management by raising management quality and enhancing after-sales services.

## Management

### Management Structure

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The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are working to ensure safety and security in product and service operation and management. In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans. The CSR Committee sets targets each year regarding enhancement of the quality of safety and security during operation and management, and is monitoring progress.

### Targets

To raise the quality of safety and security in operation and management, the Group is working to improve management quality and enhance after-sales service.

## Compliance with Building Management Quality Assessment Guidelines at Managed Properties

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The Group formulated Building Management Quality Assessment Guidelines at managed properties. The guidelines contain more than 400 items that pertain to topics such as quality control, legal compliance, and internal audits. The conformance rate was 86% in fiscal 2018.

## Enhancing Quality by Acquiring ISO Certifications


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The Group is promoting the acquisition of international specifications for quality management. In addition, we take internal auditor training courses provided by external organizations prior to conducting internal audits.

### 【ISO9001】

Nomura Real Estate has acquired ISO 9001 (an international quality management system standard) for the "activities of obtaining feedback and ensuring the reflection of such feedback" in the PMO series of office buildings.

Nomura Real Estate Partners has acquired ISO 9001 for 31 properties in the office building segment and 22 complexes in the condominium segment.

\*For information regarding ISO 14001, see the  [Environmental Management System](#).

## Improving Safety and Security after Sales

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### Living Q Call Established

To help residents in its residential properties lead safe, secure, and comfortable lives, the Group established Living Q Call, a 24-hour, 365-day, operator-supported hotline for responding to requests and consultations from residents.

### 【Details of Main Services】

- Emergency services: water leaks, lost keys, etc.
- Repair services: Repairs to various equipment items
- Support services: Light bulb replacement and taking out bulky trash items, etc.

### National Customer Conference Held

The Group holds the National Customer Conference once each year to enhance the quality of after-sales service in PROUD condominiums. Personnel responsible for after-sales service from around the country attend the conference to share information on complaints and issues that arose during the year and discuss best practices.

## Provision of Long-Term Repair Warranty Programs for Condominiums

The Group offers the NEXT PASS 10 service, a program that provides a 10-year repair warranty for defects and malfunctions in condominiums, as well as the NEXT PASS 15, which extends the warranty by an additional five years.

### 【Details of Main Services】

- Extension of warranties on residential fixtures and equipment
- Emergency response in case of breakdown or malfunction
- Inspections and maintenance in the fifth and ninth years after purchase

## Repair and Warranty Services for Transactions of Existing Residences

The Group offers repair and warranty services to encourage liquidity of existing residences and provide safety and security to customers after a purchase.

### 【Details of Main Services】

- Sold properties: Defect repairs and warranty for up to five years
- Purchased properties: Repair and replacement warranty for defects in main equipment within one year after purchase

## Performance

### Promotion Measures

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Fiscal 2018 performance against the set targets was as set forth below.

### Enhance Quality Control and Improve After-sales Service

	FY 2017	FY 2018
<b>Rate of conformance with Building Management Quality Assessment Guidelines at managed properties*</b>	85%	86%
<b>Sign-up rate for NEXT PASS 10</b>	82%	80%

\* Conformance rate: We extracted several properties and conducted a survey on the number of conforming items in the assessment items listed in the guidelines.



## Responses to Safety Issues

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To ensure the safety of customers, if there is a violation of the Building Standards Act, Fire Service Act, or other applicable laws and regulations or the Group, necessary responses will be implemented rapidly.

In fiscal 2018, there were no significant safety-related violations of relevant laws and regulations or internal standards.

# Implement Measures to Increase Lifespan and Improve Durability

## Approach and Policies

The Nomura Real Estate Group designs and constructs buildings and spaces that serve as foundations of the lives and businesses of stakeholders over the long-term through operation and management of properties, even after the completion of construction.

With rising concerns regarding the aging and obsolescence of buildings and infrastructure, expanded needs for repairs and remodeling, and increased frequency of natural disasters such as large-scale earthquakes, providing buildings and spaces that are safe and secure throughout their entire life cycle is an important responsibility of the Group. Based on this awareness, the Group works with suppliers such as design and construction companies to increase the lifespans and durability of buildings.

## Management

### Management Structure

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The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are carrying out measures to increase building lifespan and durability. In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans. The CSR Committee annually sets targets regarding enhancement of building lifespan and durability, and is monitoring the progress.

### Targets

To carry out measures that will increase the lifespans and durability of buildings, the Group strives to provide products and services with long lifespans and high durability.

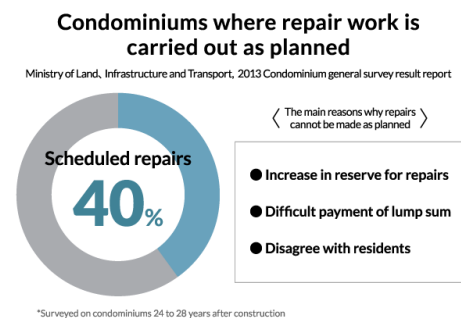
## Measures to Lengthen Large-Scale Repair Cycles

In order to reduce the economic and psychological burdens on condominium residence and management associations, the Group offers products and services intended to lengthen large-scale repair cycles in order to reliably carry out large-scale repair plans.

### Measures at Completed Condominiums

The Group provides re:Premium, a service designed to lengthen large-scale repair cycles, at completed PROUD condominiums.

Due to the aging of society and the increase in vacant dwelling units, the collection of improvement expenses is often delayed. Consequently, less than half of condominiums are able to carry out large-scale improvements as scheduled. (Source: Data by Ministry of Land, Infrastructure, Transport and Tourism) Under this program, the cycle for large-scale repairs, which is normally planned for every 12 years, is extended to 16 to 18 years, and ultra-long-term improvement plans extending up to 60 years after the completion of construction can be formulated. The service enables the extension of building lifespan and reduction of demolition waste. The psychological and economic burdens on customers are also able to be reduced by substantially cutting lifecycle costs.



[News Release](#)

### Measures at Newly-Constructed Condominiums

In fiscal 2018, the Group launched the Attractive30 service, which seeks to increase the lifespans and durability of newly-constructed condominiums. The adoption of high-durability materials and construction techniques and introduction of the re:Premium service will enable lengthening of the cycle of large-scale repairs.

[News Release](#)

## Performance

### Promotion Measures

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Fiscal 2018 performance against the set targets was as set forth below.

Provide products and services with long lifespans and high durability

In addition to promoting the re:Premium service, the Attractive30 service was launched in fiscal 2018.

	FY 2017	FY 2018
<b>Number of completed properties that offer the re:Premium service</b>	5 properties	19 properties

# Ensure Safety and Security during emergencies

## Approach and Policies

The Nomura Real Estate Group supports buildings and spaces that serve as foundations of the lives and businesses of stakeholders over the long-term through all aspects of its business from design and construction to operation and management.

As abnormal weather and natural disasters increase in frequency as global warming and climate change intensify, taking measures to ensure safety and security during emergencies has become an important responsibility of the Group. Based on this understanding, the Group collaborates with fire departments, governmental bodies, disaster preparedness experts, and others, to ensure safety and security in times of disaster and prepare for and prevent disasters, so that we can minimize harm in the event of a disaster.

## Management

### Management Structure

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The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are working to ensure safety and security during disasters.

In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans. The CSR Committee annually sets targets regarding the enhancement of safety and security during disasters, and is monitoring the progress.

### Targets

The Group seeks to expand and enhance its safety preparedness measures to ensure the safety and security of stakeholders during disasters.



## Design and Construction in Preparation for Disasters

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The Group provides for severe localized rain and flooding countermeasures in its quality manuals and implements countermeasures after confirming hazard maps.

In addition, we attach hazard maps to the statements of material matters provided to purchasers of residences.

## Disaster Preparedness Concept: Advances in Disaster Preparedness in Housing

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The Group has established Disaster Preparedness in Housing as its disaster preparedness policy for residential properties.

We are working to minimize harm and ensure safety and security during emergencies by promoting self-help where residents help themselves through their own efforts and the efforts of their family members, mutual assistance where residents are helped to the efforts of neighbors and community members, and public support where support is provided by the police and fire departments.

 [Disaster Preparedness in Housing](#)

## Disaster Response Headquarters Establishment Drills

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Nomura Real Estate Holdings established a business continuity plan (BCP) in anticipation of a major earthquake in the Tokyo Metropolitan region and conducts disaster response headquarters establishment drills with the president serving as head of the headquarters once a year.

 [Business Continuity Plan](#)

## Implementation of Emergency Communication Drills and Disaster Response Headquarters Establishment Drills

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To ensure the safety and security of customers (residents, tenant businesses, and facility users) during a disaster and to prepare for the rapid resumption of business by tenant businesses, Nomura Real Estate Partners conducts monthly emergency communication drills and annual disaster response headquarters establishment drills.



Disaster response headquarters  
establishment drills

### 【Overview of Disaster Response Headquarters Establishment Drills】

- Confirmation of the disaster response headquarters establishment process and details of measures
- Assessment and tabulation of damage and managed properties
- Practice conveying information from management sites to the disaster response headquarters

## Supporting Disaster Preparedness at Managed Properties

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As a part of its efforts to ensure safety and security during disasters, the Group provides disaster preparedness support to residents, management associations, tenant businesses, and facility users at managed properties (residences, office buildings, commercial facilities, logistics facilities, etc.).

### 【Main Support】

- Implementation of disaster preparedness drills
- Support organizing disaster supplies and forming and operating disaster preparedness organizations
- Development of disaster preparedness and response manuals
- Support preparing firefighting and disaster preparedness plans
- Distribution of disaster preparedness guidebooks

## Established disaster prevention base for tenant companies

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The Group established N-FORT (located in Chuo-ku, Tokyo) as a hub for disaster preparedness and business continuity planning for PMO (Premium Midsize Office) office buildings. N-FORT provides manned responses and an emergency power generator that can operate for 72 hours and is equipped with emergency food for 2,000 persons. The facility reinforces BCP throughout the PMO series of office buildings.



Emergency supplies stored at N-FORT

☐ [Disaster preparedness measures for PMO office buildings](#)

## Performance

### Promotion Measures

Fiscal 2018 performance against the set targets was as set forth below\*.

\* Unless otherwise indicated, the reporting scope is the Group.

#### Expansion and Enhancement of Disaster Preparedness and Security Countermeasures

	FY 2017	FY 2018
<b>Disaster preparedness drill implementation rates at managed properties</b>	85%	94%
<b>Number of facilities that can take in persons who are unable to return home during a disaster</b>	3 properties	7 properties

#### Taking in Victims During a Disaster

The Shinjuku Nomura Building (Shinjuku-ku, Tokyo), Nihonbashi Muromachi Nomura Building (Chuo-ku, Tokyo), and Yokohama Business Park (Yokohama City, Kanagawa Prefecture), which the Group owns (partially co-owned), and four Megalos stores (Soka, Hachioji, Kichijoji, Machida), operated by the Group, have been designated as temporary living accommodations for those who are unable to return home during a disaster and will take in such individuals if a disaster occurs.